



Legal Alerts | 01/29/2025

2025 California Legal Updates: What You Need to Know – Part Two

Insight and Guidance Addressing Transportation, Cannabis and Alcoholic Beverages, Energy and Environmental Protection

In Part Two of the New Laws series from Best Best & Krieger LLP (BBK), new legislation for 2025 focusing on transportation, cannabis, alcoholic beverages, energy and environmental protection includes key takeaways and analyses of AB 761, AB 993, AB 3203, AB 1132, SB 91 and AB 218.

Transportation and Infrastructure

AB 761

Assembly Bill 761 (AB 761) amends Section 53398.63 of the California Government Code, specifically concerning Enhanced Infrastructure Financing Districts (EIFDs). EIFDs are mechanisms that allow local governments to finance public capital facilities and community infrastructure projects through tax increment financing.

AB 761 introduces a provision for EIFDs established for the development and construction of passenger rail projects in Los Angeles County. For infrastructure financing plans proposed on or after January 1, 2025 (where at least 75% of the District's revenue is allocated to servicing a Federal Transportation Infrastructure Finance and Innovation Act loan (TIFIA loan), AB 761 extends the maximum duration of EIFDs to up to 75 years from the date of TIFIA loan approval by the U.S. Department of Transportation. Additionally, any incremental tax revenue received by the EIFD must be exclusively used for TIFIA loan repayment (including debt service) starting 45 years after the TIFIA loan issuance.

Prior to AB 761, the law stipulated that EIFDs would cease to exist no more than 45 years from the date of bond issuance approval or loan issuance approval by the governing board of a local agency. AB 761 extends this maximum duration to 75 years for qualifying passenger rail projects in Los Angeles County. This extension aims to provide a longer timeframe for financing substantial infrastructure projects, particularly those involving significant federal loans like TIFIA.

Cannabis and Alcoholic Beverages

AB 993

Assembly Bill 993 (AB 93), passed on October 13, 2023, is an act to amend Section 26203 of the Business and Professions Code relating to cannabis.

Existing law established a cannabis task force (Task Force) comprised of representatives from specified agencies and departments until January 1, 2025. The Task Force’s purpose is to promote communication and cooperation between state and local entities involved in regulating commercial cannabis, and to include participation from state agencies and local jurisdictions that regulate cannabis activities.

AB 993 expands the Task Force on the regulation of commercial cannabis activity to include representatives from both the Civil Rights Department and the Department of Industrial Relations. Existing laws pertinent to AB 993 include the following:

- The Control, Regulate, and Tax Adult Use of Marijuana Act allows licensed individuals to engage in commercial adult-use cannabis activities following state and local regulations.
- The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) consolidates the licensing and regulation of both medicinal and adult-use cannabis activities under the Department of Cannabis Control. Local jurisdictions are authorized to enforce MAUCRSA provisions and regulate cannabis businesses.
- The California Fair Employment and Housing Act establishes the Civil Rights Department to enforce civil rights laws in housing and employment, ensuring protection against discrimination.
- The Department of Industrial Relations, within the Labor and Workforce Development Agency, works to improve the welfare and working conditions of California's wage earners.

AB 3203

Assembly Bill 3203 (AB 3203) applies to “licensed craft distillers: direct shipping” and is an extension of AB 1088.

The Alcoholic Beverage Control Act, which is administered by the Department of Alcoholic Beverage Control, regulates the application, issuance, and suspension of alcoholic beverage licenses. Existing law provides for the licensure and regulation of craft distillers and prohibits the issuance of a craft distiller’s license to any person (or any officer, director, employee or agent of a person among others) who manufactures more than 150,000 gallons of distilled spirits per year within or without the state as specified. Existing law authorizes a licensed craft distiller to directly ship distilled spirits manufactured or produced by the licensee at its premises to a consumer pursuant to specified requirements until January 1, 2025.

AB 3203 extends the authorization for a licensed craft distiller to directly ship distilled spirits until January 1, 2026.

Energy and Environmental Protection

AB 1132

Assembly Bill 1132 (AB 1132) extends the limitations on permit fees that cities and counties in California can charge for solar energy systems. Previously, these provisions were set to expire on January 1, 2025. AB 1132 extends the repeal date to January 1, 2034. This extension aims to promote the continued adoption of solar energy systems across California by ensuring that permit fees remain predictable and reasonable, thereby supporting the state's clean energy goals.

AB 1132 maintains existing caps on permit fees for both residential and commercial solar energy systems.

- For residential photovoltaic systems, permit fees are capped at \$450 (with an additional \$15 per kilowatt for each kilowatt above 15 kilowatts).
- For residential thermal systems, permit fees are capped at \$450 (with an additional \$15 per kilowatt thermal for each kilowatt thermal above 10 kilowatts).
- For commercial photovoltaic systems, permit fees are capped at \$1,000 for systems up to 50 kilowatts (plus \$7 per kilowatt for each kilowatt between 51 and 250 kilowatts, and \$5 per kilowatt for each kilowatt above 250 kilowatts).
- For commercial thermal systems, permit fees are capped at \$1,000 for systems up to 30 kilowatts (plus \$7 per kilowatt thermal for each kilowatt thermal between 30 and 260 kilowatts, and \$5 per kilowatt thermal for each kilowatt thermal above 260 kilowatts).

Local governments retain the authority to charge fees exceeding these caps if they provide substantial evidence of the reasonable cost to issue the permit through a written finding and an adopted resolution or ordinance.

SB 91

Senate Bill 91 (SB 91) contains the following revisions to environmental regulations affecting housing and transit projects:

- Exempts projects involving the conversion of hotels into supportive or transitional housing from the California Environmental Quality Act requirements so long as specific requirements are met.
- Amends Public Resources Code Section 21080.50 to apply new definitions and qualifications for hotels and supporting housing structures. As such, lead agencies may now file a notice of exemption for projects qualifying under this newly established exemption.
- Extends the applicability of specific Environmental Impact Report preparation procedures to January 1, 2026 for environmental leadership transit projects. Environmental leadership transit projects are defined as projects proposed by a public or private entity or its affiliates that are located wholly within the County of Los Angeles or connect to an existing transit project wholly located in that county, and that is approved by the lead agency on or before January 1, 2025.

AB 218

Assembly Bill 218 (AB 218) contains the following revisions affecting health and environmental requirements for oil and gas companies:

- Delays the enforcement of and compliance with certain health and environmental requirements for oil and gas companies within a health protection zone (such as the submission of a leak detection and response plan) until July 1, 2028.
- Delays the notification of approval or notice of deficiency of the plan until July 1, 2029.
- Delays the implementation of the plan until July 1, 2030.
- Prolongs the enforcement of the State Air Resources Board's and the State Water Resources Control Board's emergency regulations related to health protection zones for two (2) years from their adoption or until July 2, 2026, whichever date is later.

- Extends the deadline for the finalization of a memorandum of understanding between the State Air Resources Board, relevant local air districts, the State Water Resources Control Board, and relevant local water quality control boards to delineate respective responsibilities for implementing and enforcing health protection zones until July 2, 2025.
- Authorizes the Department of Conservation (Department) to assess and levy a supplemental assessment on oil and gas production to ensure funds are available if the Department determines (between June 15, 2024 and March 1, 2025) that the estimated amount of money that will be required to carry out specified laws related to oil and gas conservation is insufficient for the current fiscal year.
- Prohibits the Department from issuing the supplemental assessment after March 1, 2025.
- Appropriates \$2,646,000 from the Oil, Gas, and Geothermal Administrative Fund for the fiscal year 2024-2025 to the State Water Resources Control Board to support water quality projects implementing provisions related to the above-described health protection zones as provided.

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